

Message Text

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ACTION TRSE-00

INFO OCT-01 ARA-06 ISO-00 OIC-02 AID-05 CIAE-00
COME-00 EB-07 FRB-03 INR-07 NSAE-00 USIA-06
XMB-02 OPIC-03 SP-02 LAB-04 EPG-02 SIL-01 OMB-01
NSC-05 SS-15 STR-04 CEA-01 DHA-02 /079 W
-----272140Z 094153 /75

P 272036Z MAY 77
FM AMEMBASSY SAN SALVADOR
TO SECSTATE WASHDC PRIORITY 4438
AMEMBASSY GUATEMALA PRIORITY
INFO AMCONSUL BELIZE
AMEMBASSY MANAGUA
AMEMBASSY SAN JOSE
AMEMBASSY TEGUCIGALPA

C O N F I D E N T I A L SAN SALVADOR 2509

GUATEMALA ALSO FOR ROCAP

E.O. 11652: GDS
TAGS: OCON, IDB, ES, GT, XK
SUBJECT: IDB ANNUAL MEETING: SALVADORN CONCERNS

REF: STATE 116936

1. ECONOFF CALLED ON MINISTER OF ECONOMY ANTONIO ROBLES,
CHIEF OF GOES DELEGATION TO SUBJECT MEETING, TO PRESENT US
POSITION ON EXECUTIVE DIRECTORS' SALARIES AND INQUIRE RE GOES
INTENTIONS FOR MEETING.

2. WITH REGARD TO US POSITION ON EXECUTIVE DIRECTORS'
SALARIES, ROBLES SEEMED SYMPATHETIC BUT MADE NO COMMITMENT
TO SUPPORT. HE SAID THAT TO BEST OF HIS RECOLLECTION THIS
QUESTION WAS NOT ON AGENDA AND HE DOUBTED IT COULD LEGITI-
MATELY BE RAISED IN MEETING. HE ALSO NOTED THAT SALARY
INCREASE HAD BEEN APPROVED QUITE RECENTLY AND THOUGHT THAT
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PROPOSAL FOR ANOTHER INCREASE SO SOON WOULD NOT BE
SUPPORTED.

3. ROBLES SAID THAT GOES WILL PUSH TWO MAIN POINTS DURING
THE MEETING: (1) A PROPOSAL TO REVITALIZE THE CENTRAL
AMERICAN INTEGRATION PROCESS COMBINED WITH A PLEA FOR
FINANCIAL SUPPORT FOR CENTRAL AMERICAN PROJECTS FROM THE

INTERNATIONAL FINANCIAL COMMUNITY; AND (2) THE QUESTION OF HUMAN RIGHTS CONSIDERATIONS AS THEY AFFECT IFI LOANS. THE CENTRAL AMERICAN INITIATIVE WILL COME IN A SPEECH BY ROBLES WHICH WILL URGE A RENEWAL OF THE INTEGRATION PROCESS BY TWO MEANS - A RENEWED POLITICAL WILL TO INTEGRATION BY THE CENTRAL AMERICAN GOVERNMENTS AND INTERNATIONAL FINANCIAL SUPPORT FOR A SERIES OF REGIONAL DEVELOPMENT PROJECTS. ACCORDING TO ROBLES, THE POLITICAL ASPECT SHOULD TAKE THE FORM OF THE SIGNATURE OF A GREATLY REDUCED FORM OF THE TRATADO MARCO INDICATING THE RENEWED COMMITMENT OF GOVERNMENTS TO INTEGRATION. THE EXISTING DRAFT IS FAR TOO AMBITIOUS, ACCORDING TO ROBLES. HE SAID THAT VERY CONFIDENTIAL DISCUSSIONS OF THE BUESO INITIATIVE ARE STILL GOING ON BUT DECLINED TO PROVIDE DETAILS. THE SECOND PART OF THE PROPOSAL CALLS FOR INTERNATIONAL FINANCIAL SUPPORT FOR A SERIES OF CENTRAL AMERICAN DEVELOPMENT PROJECTS TOTALING SOME \$3 TO \$4 BILLION. THE PROJECTS AS DETAILED IN ROBLES' DRAFT SPEECH ARE A GRAB-BAG OF EXISTING LARGE INFRASTRUCTURE PROJECTS INHYHE AREAS OF INDUSTRY, AGRICULTURE, TRANSPORTATION, ENERGY AND TOURISM. EXAMPLES ARE A NYLON PLANT, A PVC PLANT, A STEEL PLANT, A NEW PORT ON THE PACIFIC COAST OF GUATEMALA, A CENTRAL AMERICAN AGRICULTURAL PRICE INFORMATION SERVICE, A CENTRAL AMERICAN SYSTEM FOR GRADING AGRICULTURAL PRODUCTS, AN INTEGRATED POWER GRID AND A CLUTCH OF DAMS, INCLUDING EL SALVADOR'S SAN LORENZO. A QUICK SCAN OF PROPOSED AGRICULTURAL SECTOR PROJECTS DID NOT SHOW ROCAP'S PROJECT TO INCREASE INTERREGIONAL TRADE IN AGRICULTURAL COMMODITIES BUT ROBLES SAID IT WAS INCLUDED. EXECUTION

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OF THESE PROPOSALS WILL CONSTITUTE WHAT ROBLES CALLS "INTEGRATION THROUGH PROJECTS". ROBLES WILL CONCLUDE BY CALLING FOR INTERNATIONAL SUPPORT FOR THE RENEWED EFFORT AT INTEGRATION THROUGH THE STRENGTHENING OF THE CENTRAL AMERICAN BANK FOR ECONOMIC INTEGRATION, THE FORMATION OF AN INTERNATIONAL CONSORTIUM TO COORDINATE THE FINANCING OF THE PROJECTS, AND A TECHNICAL ASSISTANCE PROGRAM TO STRENGTHEN EXISTING CENTRAL AMERICAN INTEGRATION ORGANIZATIONS. ACCORDING TO ROBLES, THESE PROPOSALS HAVE BEEN COORDINATED WITH OTHER CA GOVERNMENTS THROUGH MEETINGS OF ECONOMIC MINISTERS AND ALSO WITH ECLA AND PRINCIPLE CENTRAL AMERICAN INTEGRATION ORGANIZATIONS.

4. EL SALVADOR'S SECOND MAJOR CONCERN AT MEETING, ACCORDING TO ROBLES, WILL BE ISSUE OF INJECTION OF HUMAN RIGHTS CONCERNS INTO DECISIONS ON IDB LOANS. HE SAID HE THOUGHT A NUMBER OF OTHER MEMBERS WOULD RAISE SAME ISSUE AND HE EXPECTED THE MEETING TO BE "CONTROVERSIAL" ON THIS ACCOUNT. THE GOES, HE SAID, MUST MAINTAIN THE RHYTHM OF PUBLIC INVESTMENTS

WHICH IT HAS ACHIEVED OVER PAST FEW YEARS IF ECONOMIC GROWTH IS TO BE SUSTAINED. IF EL SALVADOR IS "STRANGLERED" BY BEING DENIED ACCESS TO INTERNATIONAL FINANCING, THE SOCIAL CONSEQUENCES WILL BE CATASTROPHIC. "OUR HEADS WILL ROLL" THE GOES IS ENGAGED IN WHAT AMOUNTS TO A WAR AGAINST LEFTIST TERRORISTS. THE ALTERNATIVE TO THE PRESENT REGIME IS "SOCIALISM". EMBOFF SAID THAT USG HAS REASON TO BE CONCERNED ABOUT STATUS OF HUMAN RIGHTS IN EL SALVADOR INCLUDING VERY SPECIFIC CASES INVOLVING US CITIZENS, SUCH AS RICHARDSON AND MISTREATMENT OF US CITIZENS ARRESTED BY SECURITY FORCES. WE ARE OBLIGED BY LAW AND POLICY TO TAKE THESE CONCERNS INTO ACCOUNT WHEN CONSIDERING APPROVAL OF LOANS BY IDB AND OTHER IFI'S. ROBLES EXPRESSED INTEREST IN MAKING CONTACT WITH CONGRESSIONAL MEMBERS OF US DELEGATION OR STAFFERS ON THIS QUESTION.

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